



February 2016 Newsletter

Although the first month of the year has already gone, I do hope you haven't forgotten those financial New Year's resolutions you thought of during your break. A number of changes are occurring in the Finance industry as well as here in the office with a new staff member on our team - please make a point of meeting her when you are next in the office. If you are interested in finding out about why so many are running their own Self Managed Super Fund, we have a seminar on Tuesday 8 March. If you already have had one for some time, further information in the newsletter highlights the pitfall when Aging Trustees become incapable of fulfilling their statutory obligations – we also identify what can be done about it.

Changes to the accounting profession

A number of changes are occurring in the accountancy industry with the introduction by ASIC of the Limited AFSL (Australian Financial Services License). Currently there is an exemption in place for Accountants to provide advice in relation to setting up Self Managed Superannuation Funds but come 1 July 2016, they will need a limited or full license or operate as an authorized representative of another licensee. Previously there have been a number of financial institutions that have gone into liquidation taking many investors funds with them (Pyramid & Storm). In order to protect Mum and Dad investors, the regulatory bodies banded together and came up with methods to clarify areas where misunderstandings previously occurred. The past three years of exemption allowed the Accounting profession time to upskill. David has been studying weekends for the past 2 years in order to ensure he is qualified in good time, and already has his Diploma of Financial Planning. The new set of rules effective 30 June 2016 will largely be favorable to the greater public as their advisers will be better educated in superannuation advice, it will cost more than previously expected due to the large amount of reporting and documentation required. This is in order to both protect the advisor and the client.

A comprehensive Statement of Advice (SOA) is required and will be a more in-depth analysis of the proposal and options. We will of course endeavor to ensure the process is as smooth as possible.

Xero

Our practice is currently implementing new software. Perfect for Small Business, [Xero](#) has been expanding their footprint in this area and has major benefits over BankLink particularly for those with a number of employees, as it has a great payroll system. Since MYOB purchased their main competitor BankLink several years ago, development on the product stalled. Xero stepped into this space in 2007 and has grown to service 262,000 subscribers including 9,000 Accounting and Bookkeeping Partners in Australia. They have also partnered with over 50 financial institutions who provide direct bank feeds covering 83% of banking transactions within this country. Being cloud based, information is immediately updated and assessable by the client and the Accountant simultaneously. This means information in the system is updated overnight instead of monthly, allowing the clients to have better visibility over their cash flow and day to day operations. Additional features include debtors, creditors, invoicing (as well as automatic email reminders) and inventory. There are also “add ons” that integrate in order to tailor the software to suit specialized industries and can provide POS (point of sale) workflow management, Client Relationship Management, Data Capture and much more. Clients are able to scale up or down as flexible pricing structure allows for this depending on the features required. Every 4-6 weeks updates are done automatically overnight which means you always have the latest version removing the need to download, update or install anything else. Several of our clients have already transitioned and if you are interested in finding out more about this product and how it can help streamline your business, please contact our office. What are you waiting for?



Are the days of bookkeepers and accountants numbered?

Although the accounting profession has evolved significantly from the days of shoeboxes and manual cashbooks, into a world where sophisticated accounting software is the norm, you would have noticed that with the introduction of bank feeds, invoice scanning and deposit recognition, the data entry function of the accounting process has largely become automated. However, the value of having an accountant is not in the data entry but in what they can add to your business, they operate as a strategic business partner offering insight into what the financials are telling the business owner. The benefit of up to the minute information about how the business is performing enables much more informed decisions to be made. Prompt identification of issues by your accountant familiar with your specific goals and intricacies of your business cannot be replaced by software, which is why we provide *Focused Financial Guidance*.

Incapacity Issues facing aging SMSF trustees

Dementia is the single greatest cause of mental incapacity in Australians aged over 65. Current statistics are alarming with 1:10 people over this age being diagnosed and 3:10 affected beyond 85. So how does this affect an SMSF if you have one? Individuals are not allowed to act as trustee (or director of a corporate trustee) if they are under a legal disability which includes mental incapacity. SMSF dominate the sector of Superannuation as members take control of their retirement savings but if they become incapacitated for more than 6 months and they haven't upgraded the information, the fund loses its concessional tax status as a complying super fund. Unless an alternate trusted representative is appointed under the Enduring Power of Attorney (EPOA) or as legal guardian, the member is limited to winding up the fund or rolling over to an industry or public offer fund. To avoid complications, a valid financial EPOA needs to be arranged as well as a succession plan. Rules for replacement of Trustees or Directors vary according on whether there is a corporate or individual trustees previously in place, so you need to get specialist advice in this field which is where we can assist. Although we do review some of these issues as a matter of course with our clients, it may be that your partner or a family member is under review with their medical specialist or has been recently diagnosed, in which case you need to alert us to this change in circumstances so that we can attend to the statutory requirements.

Thinking of going into Partnership? Then you should get a Co-Founder Agreement

How many times have you seen two friends decide to set up business together and it all turns sour? Assumptions are often made at the beginning of a business set up that do not factor in change of circumstances such as marriage, changing family commitments, health issues and loss of motivation. Clarity at the outset about who is responsible for which tasks and the timeliness of delivery will save you frustration down the track. A contract will stipulate your roles and responsibilities and include penalties for not delivering. It should also have a vesting provision so that when the business does start making a profit, no one gets the shares unless they deliver what you agreed on. It's often the case where owners of a startup enterprise retains part time income elsewhere until the business takes off. What if one of you is working full time in the business while the other is only at weekends? A 50% share in this situation would not be a fair split. Unless you have had some sort of small business experience (such as a family business) then chances are you're going to be shocked at the effort, time and commitment required to make it successful. Ensure your business partners have a realistic idea of how they are going to manage this. Just because you get along well in private life, doesn't mean the same dynamic works in business. A lawyer should be able to assist in this aspect. A good start is the prospective partners agreeing in writing all of these aspects then having them reviewed by professional advisors.

Self Managed Superannuation Fund Seminar – Tuesday 8 March 2016

Places are available for the next Self Managed Superannuation Fund Seminar scheduled for Tuesday 8th March 2016 at 7pm. Topics that will be addressed include: Wealth Building & Tax Concessions in Super: tax free pensions & retribution strategies; an overview of contributions and their consequences; clarifying the eligibility of assets for Super Funds to purchase; the impact of Binding Death Benefit Nominations on Estate planning; as well as borrowing options and how these can be of benefit in minimizing your tax obligations while generating your wealth base. These issues are explained to assist you to plan for the best financial and taxation structures for your SMSF and ultimately, a comfortable retirement. As always, David's easy to read notes will be available in the take home package. Supper will be provided and you will be able to ask questions within the interactive forum.

ATO “too tough” on debtors

Recent report by the Inspector General of Taxation has found that a tougher approach to debt collection from poorly supervised junior officers is sending small businesses to the wall. A sudden shift from softer debt collection during the peak of the GFC has changed to a firmer approach in recent times without warning. Inappropriate enforcement action often involves garnisheeing (freezing) taxpayer accounts up to \$50,000. Part of the lack of supervision relates to the 3,000 job cuts. Commonly taxpayers were pressured to make a 50% upfront payment with short timeframes for the remaining debt, however this was inconsistent. If you fall into this category where you feel you are being bullied by the ATO, Joedy Brown from our office has had wonderful results pleading our client's circumstances in a variety of areas with several wins over ten thousand dollars in remitted fines for outstanding or late lodgment of returns. Obviously you would need genuine circumstances for this avenue but if the Tax Office is being heavy handed, ask how we may be able to assist.

Introducing Joanne Elliott!



As many of you are aware, after four years with us Sean Malloy has relocated to Melbourne at the end of 2015 to work for a larger city firm with more people his own age. While we will miss his contribution to our team, he was heavily involved in the selection process for his replacement as it is paramount that we have the right fit for our client group as well as our existing employees.

We are therefore delighted to introduce our latest team member Joanne Elliott who has relocated to Gisborne after a period of 8 years living in Western Australia with her family. Originally from Sunbury, Joanne has a wealth of experience to contribute to our client group. With 8 years' experience in Public Practice, she has been dealing with Year End, Business Accounts, BAS Returns and Individual Tax Returns. Given that we are about to have a BAS deadline coming up in 29 February, she has hit the ground running!

Our team are in the rhythm of the new calendar year and we are ready to answer any questions that may have arisen over the holiday period while you were considering your financial New Year's resolutions. Although previous emails directed to Sean are being forwarded onto Joanne's Inbox, all future emails should go to joanne@davidjgibney.com.au

Murray to Moyne Charity Ride

In earlier newsletters it has been mentioned that David had participated in the Murray to Moyne charity ride locally known as the M2M. He is on the committee and would appreciate sponsorship support for this local community fundraiser. If you haven't allocated your donations for the current financial Year then this could be the cause you are searching for. The event is held after Easter and over the weekend of 2nd and 3rd April and ably supported by a volunteer crew. 18 cyclists from the Kyneton team will ride 520km over two days to raise funds for local charities of Ray M Begg (Aged Care) and the Kyneton Ambulance Auxiliary. The 2016 target is \$20,000. Should you be able to support this community event, please contact the office or write a cheque for "Kyneton M2M" and a tax deductible receipt will be provided through the committee. If depositing directly, please let us know so we can ensure you obtain the correct tax deductible receipt. Funds can be deposited directly to the ANZ Bank: M2M Kyneton BSB 013-706 A/C 4386-95089

Annual Leave

Please note that David's annual break before the new financial year will commence on Friday 24 June until his return into the office on Monday 18 July. All end of year commitments will be attended to prior to his departure, but if you have something coming up that you would like to discuss, please make an appointment well before this.

Illuminati Yoga Studio (Another Clever Relaxed Client) in the 'Healthy Heart of Kyneton'

Milly, Fiona and Brad of Illuminati Jubilati (IJ) Pty Ltd fell in love with the iconic building at first sight. From the blue stone footings to the soaring 5 metre ceilings and celestial windows, this classic property is now the home of [Illuminati Yoga Studio](#) and a suite of consulting rooms and providing a gateway to health and healing for the entire region. Popularly known as the "old fruit shop" 59

Mollison St has now emerged from a long period of slumber to be the healing heart of Kyneton. Yoga, Acupuncture, Psychiatry, Osteopathy, Massage and Counselling are now offered from this beautifully renovated 110 year old Edwardian building.

"Gibney's were instrumental in helping us to structure our business to ensure we had a viable partnership and business model reflecting the complexity of our intended activities" said Brad Sadler, Director of both Illuminati Jubilati and Illuminate Yoga Studio.

Both the Yoga studio and the consulting rooms have benefited greatly from the improved profile and amenity of the new premises. This assists the IJ Directors on many levels as they also run a number of the businesses that operate from the same site. If you are interested in leasing consulting rooms please contact Brad Sadler at info@illuminateyogastudio.com.au or on 0438 010 199. Should you consider sampling or wish to re-kindle a Yoga practice, please visit www.illuminateyogastudio.com.au.



Our energetic, knowledgeable and caring approach gives peace of mind.

If you need further information or to discuss your specific circumstances, please call David or Joanne at our office.

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